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Consumer Price Index

A release from the Province of British Columbia's central statistical agency

REFERENCE DATE: FEBRUARY 2014

CONSUMER PRICE INDEX (2002=100)

HIGHLIGHTS

British Columbia's consumer price index (CPI) was 0.3% lower in February than in the same month a year earlier. This marked the eleventh straight month in which the province's CPI has either been flat or has declined. Lower shelter costs (-0.1%), energy prices (-0.8%), and the ongoing effect of the elimination of taxes on many services purchased by consumers have all played a role in the recent deflation seen in British Columbia.

Consumers forked over 0.6% less for food, as the cost of restaurant meals (-4.5%) remained well below 2013 levels. At the same time, the price of food purchased from stores increased (+1.3%), boosted by rising costs of fresh fruit (+11.5%) and fruits, fruit preparations & nuts (+6.5%). Prices for fish & seafood products were also sharply higher (+7.9%) than in February 2013, while dairy products & eggs cost consumers 3.2% more than a year earlier.

Shelter costs continued to fall (-0.1%), keeping a lid on the province's overall inflation rate. While renters paid more (+0.9%) for accommodation than in February 2013, the cost of owned accommodation fell at the same rate (-0.9%). Water, fuel and electricity prices were up 2.3%.

Consumers also continued to benefit from lower prices for telephone (-3.8%) services, and overall, the cost of household operations & furnishings was down 0.9% from February 2013.

Clothing & footwear prices were unchanged (+0.0%), while transportation costs (-0.1%) inched down as gas prices eased (-2.8%). Health & personal care products & services cost consumers 2.2% less, but they paid more for recreation, education & reading materials (+0.4%) and alcoholic beverages & tobacco (+1.4%).

Among major cities, both Vancouver (-0.3%) and Victoria (-0.3%) saw the overall price level drop during the twelve-month period ending in February.

*

British Columbia was the only province where the year-over-year inflation rate was negative in February. The Canadian inflation rate was 1.1%, with prices in most provinces except Quebec (+0.4%) increasing at higher rates. P.E.I. (+2.7%), Alberta (+2.4%), Saskatchewan (+2.3%) and Manitoba (+2.2%) were the provinces with the highest inflation rates.

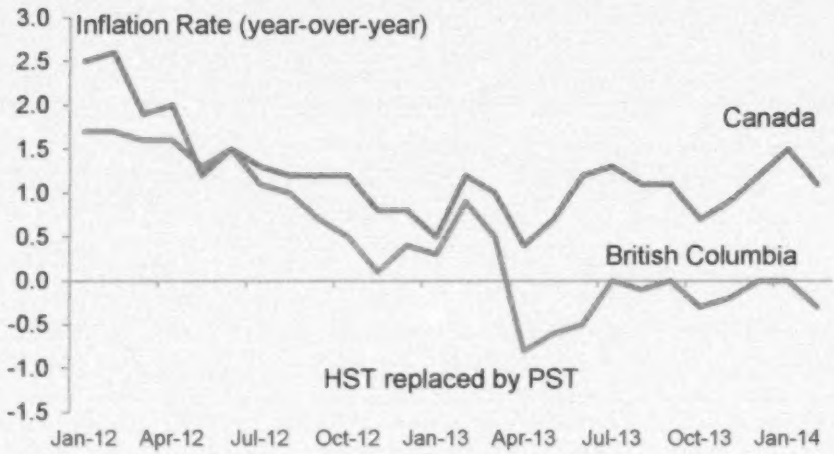
Note: Statistics Canada will release the March Consumer Price Index on April 17, 2014.

Digging Deeper . . .

Consumer prices in the province remained well below 2013 levels in February. The province's all-items consumer price index (CPI) was 0.3% lower than in the same month a year earlier, marking the eleventh straight month in which the CPI has either been flat or has declined.

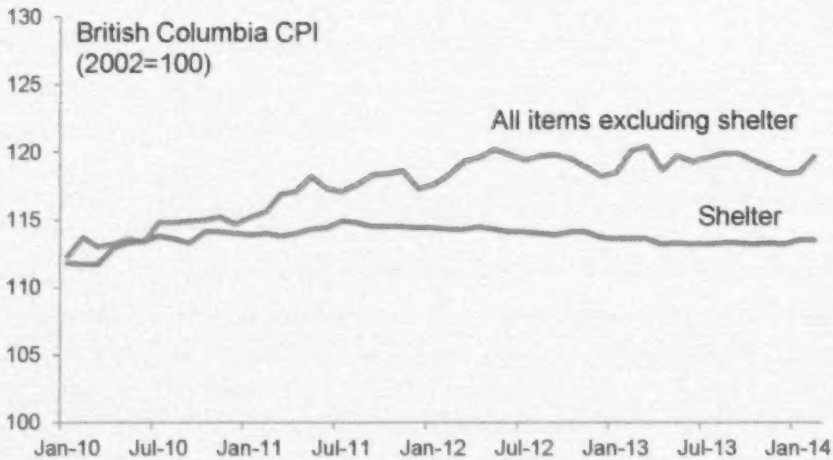
British Columbia's inflation rate dropped into negative territory in April 2013 following the repeal of the Harmonized Sales Tax (HST). The CPI includes the cost of taxes paid by consumers. With the repeal of the HST, the cost of services used by consumers was reduced, and this put downward pressure on the overall price level. The HST effect, which is most pronounced in the April data, will continue to affect the year-over-year inflation rate until the April 2014 data has been released.

British Columbia's inflation rate has been at or below zero since April 2013



Shelter costs have also played a key role in keeping the lid on inflation in the province. The shelter cost index has changed only marginally during the last four years, largely because the cost of owned accommodation has been trending downward. Lower mortgage interest costs have been a major contributing factor in this decline. Excluding the cost of shelter, other prices in the province have increased modestly over the last four years.

Shelter costs in B.C. still trending downward

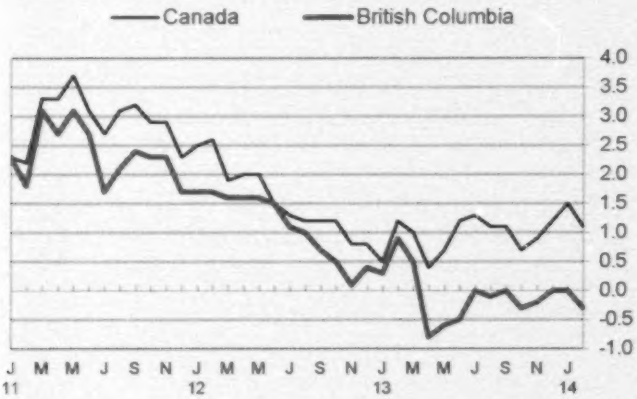


2002=100	All-Items Index	% Change from	
	February 2014	January 2014	February 2013
Canada	124.1	0.8	1.1
BC	118.0	0.8	-0.3
Vancouver	119.5	0.7	-0.3
Victoria	116.5	0.7	-0.3
Core Canada[1]	122.1	0.7	1.2
BC (excluding energy)	115.3	0.7	-0.3

[1] The Core CPI for Canada: Defined by the Bank of Canada as the All-items index excluding the eight most volatile components (fruit, vegetables, gasoline, fuel oil, natural gas, mortgage interest, inter-city transportation and tobacco products). Also excluded is the effect of changes in indirect taxes on the remaining components.

BC AND CANADA INFLATION TREND

(% change, same month of previous year)



2002=100	Latest 12-month Average Index (ending in February 2014)	Latest 12-month Average % Change	2013 Annual Average % Change
Canada	123.1	1.0	0.9
BC	117.7	-0.2	-0.1
Vancouver	119.2	0.0	0.2
Victoria	116.3	-0.4	-0.3

TERMS AND DEFINITIONS

BASE EFFECT

The 12-month variation in the CPI is calculated by comparing the current month's index with the index for the same month of the previous year. The 12-month change is represented by the difference in the indexes of the reference months. Thus, the 12-month variation can decrease from one month to the next merely because the base serving as the point of comparison increased.

Source: Statistics Canada

TWELVE-MONTH PERCENT CHANGES

Also referred to as "year-over-year", twelve-month percent changes compare indexes for a given month to indexes for the same month of the previous year. As they compare two points in time, they are influenced by unusual or temporary events that can affect either of the two months. Their calculation does not include any of the intervening monthly indexes.

Source: Statistics Canada

ANNUAL AVERAGE INDEX

Annual average indexes are calculated by averaging index levels over the 12 months of the calendar year. These data should not be confused with the 12-month change in the CPI. By the nature of the calculation, averaging indexes over the calendar year gives a better representation of price behaviour over the whole year and is closer to the concept of an average price. The use of annual averages is considered the preferred option for indexation purposes.

Source: Statistics Canada

LATEST TWELVE-MONTH AVERAGE INDEX

The latest twelve-month average index (ending in the current month) is a 12-month moving average of the indexes of the most recent 12 months. It is calculated like the annual average index. Hence, in theory, the December twelve-month average index would be equal to the annual average index for the calendar year. However, in practice, when BC Stats makes these calculations from published data, the December 12-month average index may differ from Statistics Canada's published annual average index due to rounding.

Source: Statistics Canada

HARMONIZED SALES TAX

On July 1, 2010, the Harmonized Sales Tax (HST) came into effect in British Columbia and Ontario. As well, Nova Scotia increased its HST by two percentage points.

On April 1, 2013, the Harmonized Sales Tax came into effect in Prince Edward Island, while British Columbia returned to the Provincial Sales Tax and the Goods and Services Tax.

Source: Statistics Canada

ADDITIONAL INFORMATION

More information about the concepts and use of the CPI is available online in the Statistics Canada publication Your Guide to the Consumer Price Index (catalogue 62-557-XIB)

With the release of the May 2011 CPI, Statistics Canada has updated the basket of goods & services used in the calculation of the Index. Learn more

Prepared by: BC Stats, March 2014